

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1490 - SB 1493

January 26, 2018

SUMMARY OF BILL: Clarifies that balloon indebtedness includes the refinancing of a debt that has a final maturity date 31 or more years from the original date of issuance of the indebtedness to the date the indebtedness is fully amortized.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Pursuant to Tenn. Code Ann. § 9-21-134, the Comptroller of the Treasury (COT) is required to approve plans of balloon indebtedness.
- Pursuant to Tenn. Code Ann. § 9-21-134(a)(2), balloon indebtedness includes any debt that has a final maturity date 31 one years or more after the date of issuance; delays principal repayment for more than three years after the date of issuance; capitalizes interest beyond the later of the construction period or three years from the date of issuance; or does not have substantially level or declining debt service.
- Expanding the definition of balloon indebtedness may lead to additional plans that will require submittal to the COT for approval.
- Based on information provided by the COT, any additional plans can be reviewed and approved within existing resources of the COT. Any fiscal impact to the COT is estimated to be not significant.
- Any fiscal impact to local governments associated with additional balloon indebtedness plan submissions is estimated to be not significant.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj